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78-0906
OLC 70-0316

6 May 1970

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Ralph Preston, Staff Member, House
Appropriations Sub-Committee

1. Delivered to Ralph Preston this date the Agency's Congressional Budget. I also inquired about the time likely to be set for hearings and asked to be alerted to any particular questions he felt would likely be asked.

2. Preston advised that the Committee was preoccupied with Southeast Asia and we could be fairly certain that a good portion of any hearing would be devoted to this subject. He said that the Chairman was considering holding two hearings, one designed to update the Committee on intelligence activities and Agency programs in Southeast Asia, and the second concerning the overall Agency budget. He explained that he did not have any particular questions in mind on these subjects but would look over our budget and alert us to any thoughts he might have.

3. Subsequently over lunch Preston observed that he asked the Defense Department, particularly in its R&D accounts, to provide a specific list of accomplishments for the money spent the previous year. He noted that a request of this kind often resulted in some pretty weak defense with line items of accomplishments being repeated year after year. He observed also that he liked to ask the question annually on what accomplishments were anticipated for the money being requested. While he was referring generally to the Defense appropriation, I believe the signal was loud and clear that we should be prepared to be responsive, should such a question arise.

4. I explained to Preston that the budget as presented to him was based on a fixed date in time and that events in the world were moving rapidly. I pointed out that the pay costs for 1971 would have to be accommodated in some other legislation and funds are not being requested in this budget to accommodate the recent six percent raise.

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I observed that withdrawals from the Reserve had left it at about the [] level and that this was far from adequate to accommodate the kinds of things we are facing in Southeast Asia. On the other hand, I emphasized these were very fluid times and conceivably these could be worked out within the Executive Branch.

5. Ralph responded by saying that Mr. Laird told him that the President had advised that all costs for Southeast Asia or Cambodia must be made within the FY 1971 budget. Preston observed, however, that the Committee was giving consideration to a supplemental for 1970 which raised the Government-wide expenditure level for this year but which also established an expenditure level in 1971 probably below that which the President would need to have. He observed that this was a political move to force the President to come back and request relief. He also observed the Committee was very sensitive to the fact that corporate taxes this year were far below what had been estimated and that on the revenue side of the budget, the President was in trouble.

6. The session concluded with Preston advising that the hearings would probably be either Monday or Friday of next week. He said that Monday was only a remote possibility and that Friday was about the only time on the schedule, but indicated that "we may have to return to Mr. Cannon's precedent of holding one after church on some Sunday."

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John M. Clarke
Director/PPB

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Note: [] called at about 3:30 p.m. to say that the hearings had been set for 2:00 p.m. on Monday, the 11th.

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